Government of Saskatchewan

Annual Report 2005 - 2006

Saskatchewan
Grain Car
Corporation

Quick Facts
Saskatchewan Grain Car Corporation

as of July 31, 2006

Corporation Established	Oct. 2, 1979
Office	Regina

Board of Directors

Eldon Lautermilch, Minister Responsible for the Saskatchewan Grain Car Corporation
Mark Wartman, Minister of Agriculture and Food
John Law, Deputy Minister of Highways and Transportation
Harvey Brooks, Deputy Minister of Agriculture and Food

Corporation Staff

Vacant, President
Kelly Moskowy, Vice President, Operations
Tim Shoulak, Director, Planning and Research
Shannon Lindholm, Manager, Finance and Administration
Vacant, Senior Analyst, Corporate Services

Fleet

Cars in service	928
Cars allocated to CN (SKNX 397000-397476)	434
Cars allocated to CPR (SKPX 625000-625522)	494
Cars destroyed to date	72
Car volume	128.8 m3 (4550 ft3)
LD LMT (Load Limit)	101,605 kg (224,000 lbs)
LT WT (Light Weight - empty)	28,123 kg (62,000 lbs)
Gross Weight	129,728 kg (286,000 lbs)
Material	Steel
Lining	Epoxy
Dates built	February, 1981 to October, 1981

Governing Legislation & Lease Agreements

The Saskatchewan Grain Car Corporation Act
Operating Agreement with CN, CPR, and CWB
Alternate Use Agreement with CN and CPR

2007-01330/

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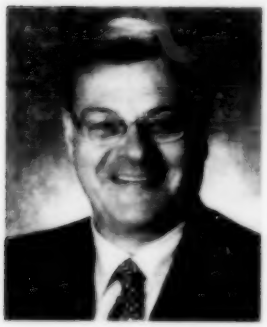
Letter of Transmittal



October 31, 2006

His Honour the Honourable Dr. Gordon L. Barnhart,
Lieutenant-Governor of Saskatchewan

I have the honour to submit herewith the Annual Report of the Saskatchewan Grain Car Corporation for the fiscal year ending July 31, 2006 in accordance with *The Saskatchewan Grain Car Corporation Act*. The Financial Statements are in the form approved by Treasury Board and have been duly certified by auditors for the Corporation.

Respectfully submitted,

Eldon Lautermilch
Minister Responsible for the
Saskatchewan Grain Car Corporation

A Year in Review

October 31, 2006

The Honourable Eldon Lautermilch
Chairman of the Board

Dear Sir:

As Vice President, Operations of the Saskatchewan Grain Car Corporation (SGCC), I am pleased to present the Annual Report for the fiscal year ending July 31, 2006.

The 2005/06 fiscal year has been extremely eventful, with a number of major initiatives of the Corporation being finalized.

The SGCC met its primary mandate by supplying hopper cars for the movement of western grain. The SGCC realized alternate use revenues for the year of $ 1.064 Million. This is down from the $1.543 Million in alternate use revenues last year due to cars being out of service during the upgrade and repair project.

The single largest project ever conducted by the SGCC was the upgrade of its hopper car fleet to the heavier weight capacity of 286,000 pounds, and the fatigue cracking repairs needed to address a structural defect in the hopper car fleet. We are pleased to report that the SGCC has successfully completed these projects under budget, and by the July 1, 2006 deadline.

We are also pleased to advise that all work conducted occurred in Saskatchewan by Carlton Trail Railway (CTR) at their Prince Albert facility, Rescar at its Saskatoon and Moose Jaw facilities, GATX at its facility in Moose Jaw, and Frontline Railcar Repair Limited at its Rocanville and Ogema repair sites.

The SGCC also used the opportunity of its hopper cars being removed from service to improve the safety of the driving public by reflectorizing the fleet. Saskatchewan is the first government owned hopper car fleet in Canada to complete this safety initiative.

The SGCC continues to provide advisory services to the Saskatchewan agricultural community in the areas of producer car loading and improved grain logistics. The goal of these advisory services are to assist producers in their efforts to reduce overall grain logistic costs, and preserve the rail and road infrastructures of Saskatchewan.

As a Board member of West Central Road & Rail Ltd. (WCRR), SGCC participates in new developments in the area of grain logistics. The 2005/06 fiscal year was another successful one, with WCRR shipping in excess of 200,000 tonnes based on CWB delivery acceptance levels.

The SGCC provided support to the Farmer Rail Car Coalition (FRCC) in their efforts to acquire the approximately 12,000 government of Canada hopper cars. The May 4, 2006 announcement that the federal government planned to retain its hopper car fleet was disappointing. The SGCC continues to believe that the FRCC proposal is the least cost option for western farmers. The FRCC should be congratulated, as their efforts have resulted in tens of millions of dollars in savings to western farmers.

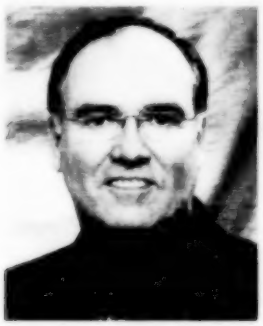
The SGCC was extremely pleased with the decision in February by the U.S. Department of Commerce to revoke the anti dumping and countervailing duty orders on imports of hard red spring wheat from Canada. This decision ends the imposition of the 0.35% countervailing duty imposed as a result of the provision of government owned hopper cars to western farmers.

The Corporation's staff and I look forward to an exciting and challenging fiscal year in 2006/07.

Kelly Moskowy
Vice President, Operations

SGGC Board of Directors

Hon. Eldon Lautermilch
Board Chair



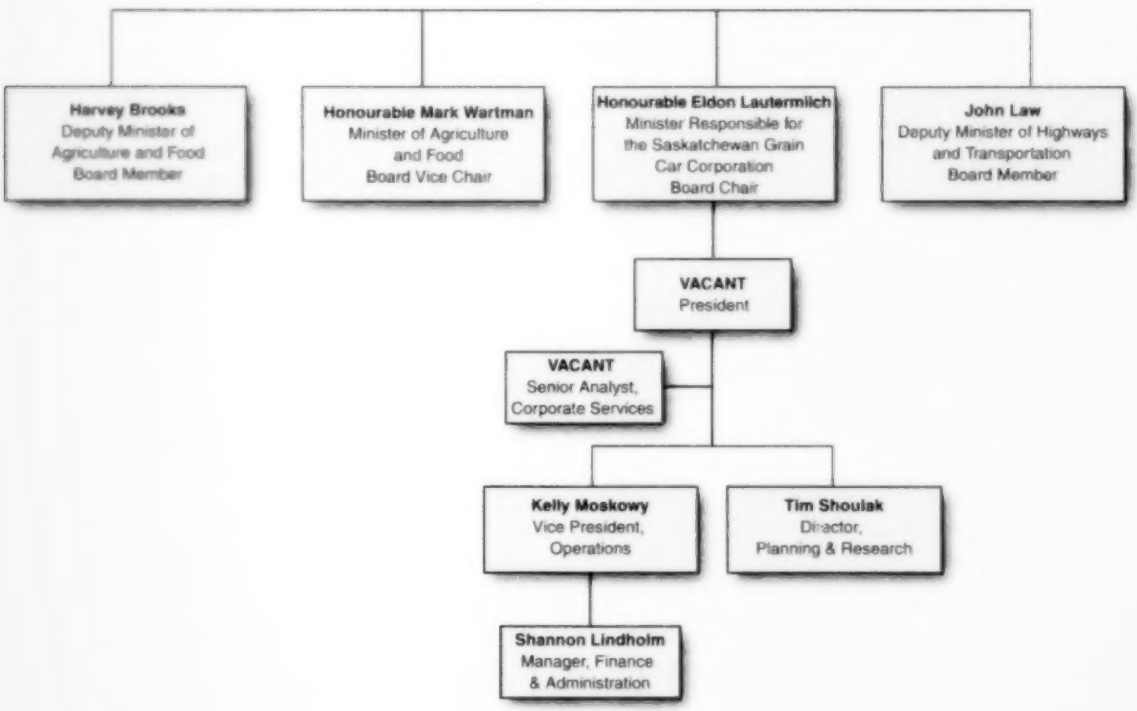
Hon. Mark Wartman
Board Vice Chair

Mr. John Law
Board Member

Mr. Harvey Brooks
Board Member

Organizational Chart

As of July 31, 2006



Corporate Profile

Profile

In 1981, the Government of Saskatchewan made a strategic investment of approximately $55,000,000 in Canada's grain transportation system by purchasing 1,000 covered hopper cars for the movement of export grain grown by western producers. This investment led to the development of the Saskatchewan Grain Car Corporation (SGCC), a Treasury Board Crown Corporation established under the authority of *the Saskatchewan Grain Car Corporation Act.*

The provision of the Saskatchewan Grain Car Corporation cars in grain service assists the grain industry in meeting its export targets with statutory grain service. This is done by the movement of grain from country origins across the prairies to inland destinations throughout Canada, the United States, and Mexico with commercial or alternate use grain movements.

Mission

The Saskatchewan Grain Car Corporation will maximize the economic benefits to Saskatchewan agriculture as a first priority, other Saskatchewan industries as a second priority, and the province in general, through the effective and efficient use of its resources.

Vision

To have an effective, efficient and affordable grain handling and rail transportation system that is the best in the world.

Mandate

In partnership with farmers, and community groups, and in cooperation with shippers and railroads enhance the effectiveness and efficiency of transporting and handling grain.

Values

We believe that through innovation and, by using the assets and intellectual capital resident in the Saskatchewan Grain Car Corporation, we can improve the agricultural economy of Saskatchewan by ensuring that producers have influence on grain transportation policies and practices and that producers benefit from modernization of the grain logistics system.

The Saskatchewan Grain Car Corporation is a workplace of choice because we value creativity, fairness, honesty, excellence, accountability, and personal development, as the most important priorities for our jobs and our working relationships.

Corporate Report

The Saskatchewan Grain Car Corporation's (SGCC) mission is to use its resources to maximize the economic benefit to Saskatchewan agriculture as a first priority and for other industries and the province in general as a second priority. In order for the Corporation to remain focused on these priorities, management must be centered on the core hopper car fleet management business while keeping up to date and involved in new innovations and developments in the industry.

The 2005/06 fiscal year has proved to be a very interesting and challenging time for the Corporation. While the Corporation's main focus was on managing the 928 steel covered hopper cars, a considerable amount of time was also spent on providing advisory services to producers and producer groups on grain handling and transportation initiatives.

Management of the Hopper Car Fleet

1. Upgrade and Repair

The 2005/06 fiscal year saw the completion of the largest upgrade and refurbishment project ever conducted by the SGCC.

To increase system efficiency and to improve the marketability of its hopper car fleet the SGCC undertook a program to increase the weight carrying capacity of its hopper cars from 263,000 pounds to 286,000 pounds. The upgrade of the hopper cars to the heavier weight standard will allow producers to more efficiently transport their grain to market, and will make the SGCC hopper cars more desirable for commercial leasing when not required for statutory grain.

At the same time the SGCC used the opportunity to correct a structural defect in the hopper cars that was resulting in fatigue cracking on the four corners of its hopper cars. The repairs of the fatigue cracking will preserve the asset and ensure that it will reach its full life span of 50 years.

All work conducted occurred in Saskatchewan by Carlton Trail Railway (CTR) at their Prince Albert facility, Rescar at its Saskatoon and Moose Jaw facilities, GATX at its facility in Moose Jaw, and Frontline Railcar Repair Limited at its Rocanville and Ogema repair sites.

These projects were successfully completed under budget, and by the July 1, 2006 deadline established by the Association of American Railroads (AAR).

Summary of Key Activities

Management of the SGCC Fleet

- Completion of upgrade and refurbishment project on schedule and under budget.
- Saskatchewan is the first government owned hopper car fleet in Canada to complete safety reflectorization of its fleet.
- Alternate use revenues for grain movements to domestic destinations throughout Canada, the United States and Mexico reached $1,064,115 for the 2005/06 fiscal year.

Farmer Rail Car Coalition (FRCC)

- Financial assistance and technical consulting services provided throughout the fiscal year.
- In the 2005/06 fiscal year, the SGCC provided $176,255 in both financial support and technical consulting services.
- On May 4, 2006, the federal government announced its' decision to retain the ownership of the federal hopper car fleet.
- The FRCC efforts are estimated to have saved western Canada farmers $168 million since 1998.
- The federal government announced a recosting of hopper car maintenance under the grain freight rate revenue cap and anticipate a net reduction in freight rates of $2 per tonne.

West Central Road & Rail Ltd. (WCRR)

- WCRR contracted over 250,000 metric tonnes of grain and of that, shipped in excess of 200,000 metric tonnes based on CWB delivery acceptance levels.
- WCRR formed an alliance with Cargill for port terminal facilities.

Producer Involvement

- An additional 1,000 producer car loading manuals printed in 2005/06.

Countervailing Duty Case

- 0.35% countervailing duty had been imposed on government owned hopper cars.
- On December 12, 2005 the countervailing duty and anti dumping orders were suspended on hard spring wheat exports to the USA.

2. Reflectorization

On November 6, 2003, the United States Federal Railway Administration (FRA) published a Notice of Proposed Rulemaking (NPRM) in the Federal Register requiring reflective material on the sides of freight rolling stock (freight cars and locomotives) to enhance the visibility of trains. The Reflectorization Rule was made law on January 3, 2005.

This rule was aimed at reducing the number of accidents at highway-rail grade crossings in which train visibility is a contributing factor.

In November 2005, the AAR established Rule 66 which mandated that all rolling stock registered by the AAR meet the reflectorization requirements of the FRA. In February 2006 Transport Canada followed the lead on this safety initiative and mandated the reflectorization of all Canadian rolling stock by 2013.

The SGCC used the opportunity of its hopper cars being removed from service for upgrade and repairs to reflectorize its fleet as early as possible.

Saskatchewan is the first government owned hopper car fleet in Canada to complete this safety initiative.

3. Utilization of SGCC Fleet

The Corporation's management continues to monitor and work with the railways to ensure that the hopper car fleet is being utilized to its maximum potential under the existing operating agreements.

Even with up to 20% of its hopper car fleet at times out of service for upgrade and refurbishment, the SGCC was able to meet its core mandate of insuring that hopper car capacity is made available to western farmers for the transportation of their grain to export position.

The 2005/06 crop year saw grain volumes moved in SGCC hopper cars up slightly from the previous year. In the 2005/06 fiscal year, 915,081 tonnes of grain were transported in SGCC hopper cars as compared to 898,550 tonnes in the previous fiscal year.

At the same time, the number of statutory grain trips for which no lease fee is paid increased by 10%. In 2004/05 the SGCC had 8,128 statutory trips as compared to the 8,976 in 2005/06.

Alternate use revenues for grain movements to domestic destinations throughout Canada, the United States and Mexico reached $1,064,115 for the 2005/06 fiscal year. This is down by 31% from the $1,543,736 in 2004/05.

Reduced revenues are the result of fewer cars being available during the year for non-statutory grain movements for which lease fees are paid. This reduction was primarily a result of the upgrade and repair program.

4. Lease Negotiations

The weight upgrade of the SGCC hopper cars to 286,000 pounds, increased each cars carrying capacity by as much as 10% for higher density products such as wheat and durum. Wheat and durum make up almost 70% of the grain transported by rail in 2005/06. Some commodities such as barley and oats cannot utilize the increased weight carrying capacity because of the limited cubic capacity of the SGCC hopper cars.

Due to the lease expiring and the increased carrying capacity of the SGCC hopper cars for many products, and the efficiency gains that can be realized, the SGCC has entered into lease negotiations with Canadian National Railway (CN) and Canadian Pacific Railway (CPR).

Grain Handling and Transportation Advisory Services

In the 2005/06 fiscal year, SGCC continued its involvement in various western Canadian transportation and grain handling initiatives and projects. Some of the projects and initiatives that the Corporation was involved in over the past year include the following:

1. Farmer Rail Car Coalition

The SGCC provided support to the Farmer Rail Car Coalition (FRCC) in their efforts to acquire the approximately 12,000 government of Canada hopper cars.

In the 2005/06 fiscal year, the SGCC provided $176,255 in both financial support and technical consulting services to the FRCC.

In the last four years the Corporation has provided financial and technical advisory services in many phases of this initiative including the development and maintenance of the Business and Financial Plan, meeting the due diligence requirements of the Federal Government, industry and government relations, financial accounting, and general management and administration of the project.

On May 4, 2006, the federal government announced its' decision to retain ownership of the federal hopper car fleet, thus ending the proposed purchase of the fleet by the FRCC.

To address the excess hopper car maintenance costs being paid by producers as identified by the FRCC, the federal government announced that legislation would be introduced in the House of Commons which would allow the Canada Transportation Agency to undertake a recosting of the maintenance costs paid by western producers under the Grain Freight Rate Revenue Cap.

The government's press release stated that the recosting of the hopper car maintenance will result in a net reduction of freight rates of an estimated $2 per tonne. Using the 12 year average of 28 million tonnes per year production, it is estimated that the western farmers will see an overall reduction in freight costs of $56 million per year.

In addition to the potential future savings of $2 per tonnes, the FRCC efforts have resulted in reduced costs to farmers since 1998. When the sale of the federal hopper cars to the railways was originally announced, in 1996, the federal government passed legislation which would have increased the maximum freight rate by 75 cents per tonne effective August 1, 1998, to cover the railways cost of purchasing the hopper cars. The time period for this increase was to be indefinite.

The efforts of the FRCC were instrumental in convincing the federal government not to sell its' hopper car fleet to the railways.

With an average of 28 million tonnes per year, being produced in Western Canada, it is estimated that the FRCC efforts have saved the farmers of western Canada $168 million since 1998. About half of these savings will have flowed to Saskatchewan producers.

The SGCC congratulates the FRCC for all of its efforts on behalf of the farmers of western Canada.

The Corporation will continue to monitor the impact of the federal decision on freight rates and to ensure that the federal government's commitment to reduce the cost paid by farmers for hopper car maintenance by approximately $2 per tonne is implemented.

2. Producer Car Manual

As a result of the SGCC's successful Producer Car Loading conferences, and the positive feed back received, the decision was made to develop a Producer Car Loading Best Practices Manual.

The Saskatchewan Association of Rural Municipalities (SARM), in partnership with the SGCC struck a committee consisting of representatives from the Canadian Wheat Board, the Canada Grain Commission, the Canada Transportation Agency, Mission Terminals, West Central Road & Rail Ltd. and numerous producer loading groups to develop this manual.

Based on the work of this committee, in June 2005, the Producer Car Loading Best Practices Manual was made available.

This manual covers all aspects of the producer car loading process from taking proper grain samples of each bin, to ordering cars and how to address unforeseen issues that might arise.

In June 2005 approximately 2,000 manuals were printed. Due to the significant demand, an additional 1,000 manuals were printed in 2006.

3. West Central Road & Rail Ltd.

In 2001 the SGCC made a strategic investment of $400,000 in West Central Road & Rail Ltd. (WCRR). The 2005/06 fiscal year was another successful one for WCRR. WCRR is operating four facilities along the rail network: Eston, Laporte, Lucky Lake, and Beechy. WCRR contracted over 250,000 metric tonnes of grain and of that, shipped in excess of 200,000 metric tonnes based on CWB delivery acceptance levels.

Production in the region was average to above average. Heavy rains at the height of the harvest season caused serious downgrading of the grain. The optimization software worked well with the variability of the grain quality providing substantive blending value to producers.

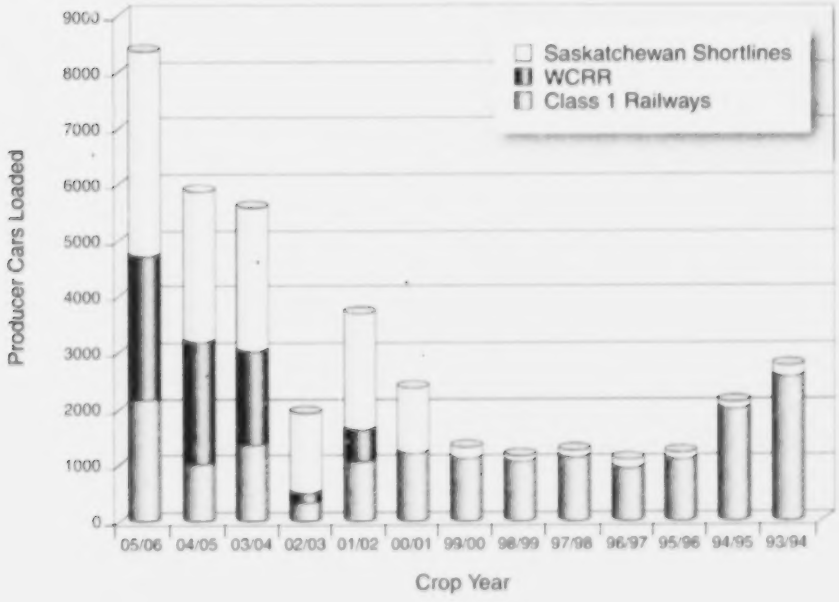
This year saw major improvements to WCRR's grain blending software. Through the introduction of an automated real time updating process, many transactions, once done manually have been eliminated. In addition, WCRR's facilities are now connected via network to a central server. WCRR will continue to explore more opportunities to automate its processes in the upcoming year.

WCRR reports erratic car allocation and rail movements defined the year in terms of rail service for WCRR. These difficulties continue to hamper the fluidity of WCRR operations and have forced WCRR to ship over one-third of its grain tonnage in the last six weeks of the crop year. WCRR is exploring ways of getting more consistent rail service and car allocation.

During this crop year WCRR formed an alliance with Cargill, who wholly owns a terminal at Thunder Bay and owns half of Cascadia Terminal at Vancouver. The alliance gives WCRR greater access to both the east and west coast ports. The first six months of the arrangement has worked well for both parties involved.

The SGCC has concerns respecting the impact that proposed changes to the Canadian Wheat Board will have on its WCRR investment.

Saskatchewan Producer Cars Loaded By Origin



4. US Countervail on Wheat

The SGCC is a member of the committee formed to coordinate the Saskatchewan government's efforts to oppose the anti-dumping and countervailing duties on durum and hard red spring wheat filed by the North Dakota Wheat Commission (NDWC) and the U.S. Durum Growers Association (USDGA).

In 2002/03 the committee contracted legal council in the USA to defend against the allegations. On August 29, 2003, the Department of Commerce announced affirmative final determinations in its countervail and anti-dumping investigations on durum and hard red spring wheat.

The outcome was a final countervailing duty (CVD) rate of 5.29% for durum and hard red spring wheat; final anti-dumping (AD) rates of 8.26% for durum; and 8.87% for hard red spring wheat. As part of its final determination the Department of Commerce (DOC) concluded that the provision of government owned hopper cars constituted a countervailable subsidy of 0.35% on hard red spring wheat.

On October 3, 2003, The United States International Trade Commission (ITC) announced its decision respecting whether the US industry was materially damaged by the sale of Canadian wheat and durum. The ITC ruled that the U.S. industry was materially injured by reason of imports of hard red spring wheat from Canada. As a result, the duties established by the Department of Commerce came into force on imports of hard red spring wheat.

The ITC made negative determinations with respect to imports of durum wheat from Canada. As such no duties were imposed.

The Government of Saskatchewan together with the Governments of Canada and Alberta undertook to appeal this ruling to the bi-national panel pursuant to Chapter 19 of the North American Free Trade Agreement (NAFTA). The appeal resulted in the NAFTA panel ordering the Department of Commerce (DOC) to recalculate the countervailing duty rate. Based on these instructions the DOC recalculated the CVD rate to be 2.54%. This new rate was also appealed.

The NAFTA Panel reviewed the wheat injury determination and issued a decision remanding the case back to the U.S. International Trade Commission (ITC) for further analysis on very specific issues. The issue of whether the importation of Canadian hard red spring wheat had harmed the US industry was examined by the ITC.

On October 5, 2005 on remand from the NAFTA Panel, the ITC found no injury or threat of injury from imports of hard red spring wheat from Canada. The NAFTA Panel ruled on December 12, 2005 affirming the ITC's negative injury determination. So, with no injury, there can be no CVD or AD orders.

The NAFTA Secretariat published the official notice of dismissal of the CVD Panel on March 14, 2006. The US revoked the order prospectively only, which means no refunds would be given to those that had already paid duties.

Operations Overview

The SGCC hopper car fleet consists of 928 covered grain hopper cars with a cubic capacity of 4,550 cubic feet and a total load limit of 101,605 kg (224,000 lbs.) and a gross weight of 129,728 kg (286,000 lbs.).

Canadian National Railway Company (CN) and Canadian Pacific Railway Ltd. (CPR) have an assigned percentage of the Corporation's hopper car fleet. This allocation can be adjusted on a bi-annual basis based on the total tonnes handled by each railway in the most recent five year period. At the start of the 2005/06 fiscal year, CN has 440 and CPR had 494 hopper cars assigned, respectively.

Throughout the year, CN had 6 destroyed cars due to derailments and CPR had no destroyed cars, leaving them with 434 and 494 hopper cars respectively. A detailed summary of the destroyed cars can be found on page 34 of this report.

The railway responsible for a destroyed hopper car is required to compensate the Corporation based on the guidelines defined by the Association of American Railroads (AAR). The compensation received for the destroyed hopper cars is placed into a Reserve Fund, which is used extensively for the replacement and refurbishment of the SGCC fleet.

The Corporation's staff continues to use a computerized car tracking system to monitor the day-to-day movements of the fleet, enabling them to identify such things as inactive cars, bad orders and determining the destinations of movements for billing purposes.

This system assists in identifying issues around the timely repair of hopper cars, notification of destroyed cars leased to the railways, and identifying periods where the cars can be utilized for commercial leasing.

The Corporation's hopper car fleet is utilized for both statutory and commercial movements. The majority of the movements are statutory grain movements. They originate in western Canada and are destined for export through port facilities in Thunder Bay, Churchill, Prince Rupert and Vancouver. These movements are defined in the 1981 Operating Agreement between SGCC, the Canadian Wheat Board (CWB), CN and CPR. The SGCC provides its hopper cars free of charge for all statutory grain movements.

The commercial movements are all grain movements destined to the U.S. and Mexico or to non-export points in Canada or non-grain commodities such as potash, to all destinations. Commercial movements are subject to full commercial lease rates.

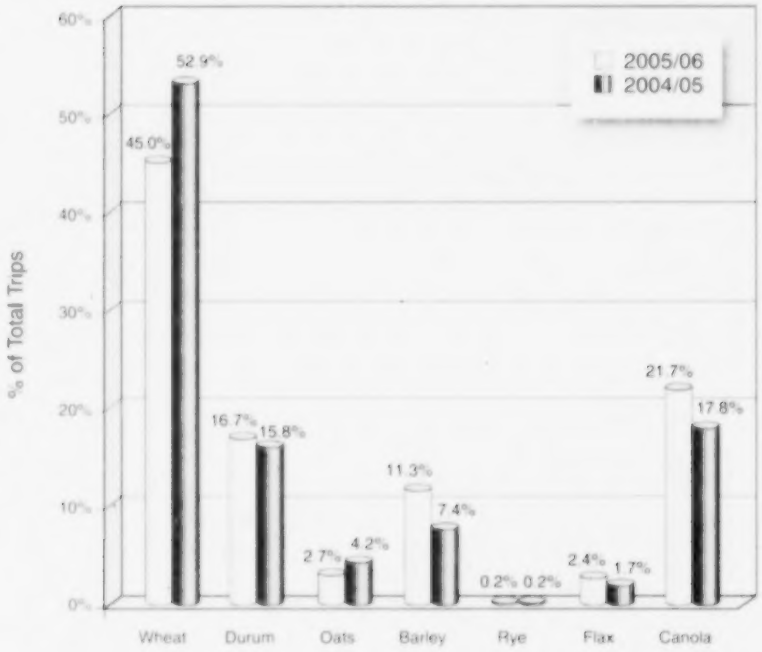
2005/06 Fleet Highlights

- 434 hopper cars on CN lines
- 494 hopper cars on CPR lines
- 6 hopper cars destroyed in 2005/06
- 72 hopper cars destroyed to date

Hopper Car Activity

The 2005/06 crop year saw grain volumes moved in SGCC hopper cars up slightly from 2004/05. 915,081 tonnes of grain were transported in 2005/06 as compared to 898,550 tonnes in the previous fiscal year.

Summary of all grain (Statutory and Commercial) movements in SGCC cars 2005/06 - 2004/05



Summary of all grain (Statutory or Commercial) movements in SGCC cars				
	2005/06		2004/2005	
Commodity	**Total Trips**	**Tonnes**	**Total Trips**	**Tonnes**
Wheat	4,817	434,771	5,571	496,748
Durum	1,785	162,993	1,661	149,235
Oats	293	21,782	446	32,758
Barley	1,207	96,371	777	62,925
Rye	19	1,451	16	1,277
Flax	255	19,082	183	13,212
Canola	2,327	178,631	1,874	142,395
TOTAL	10,703	915,081	10,528	898,550

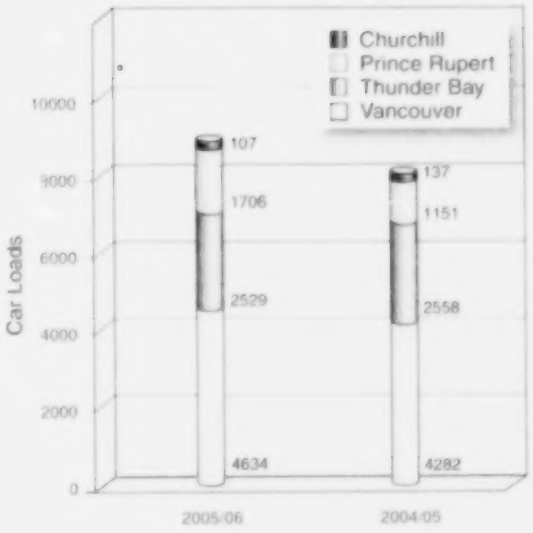
Statutory Grain Service

Statutory movements are allowed under the original 1981 Operating Agreement between the SGCC, CN, CPR and CWB and subsequent amendments, under which the railways are allowed to use the Corporation's hopper cars free of lease charges to move the six major grains from the Prairie Provinces to port locations at Thunder Bay, Churchill, Vancouver and Prince Rupert for export. The six major grains covered under the original 1981 agreement included: Wheat/Durum, Oats, Barley, Rye, Flax, and Canola. As the agricultural sector has diversified and evolved this list was expanded and now includes approximately 60 grain crops or products as listed under Schedule II of *the Canada Transportation Act*. Movements of these Schedule II commodities, to western Canadian ports for export, are considered statutory movements and the railways are allowed to use SGCC hopper cars at no charge.

CWB statistics reported total statutory movements of 8,976 car loads for 2005/06 as compared to 8,128 car loads in the previous crop year. This is a 10.4% increase in statutory movements of the six major grains. Statutory grain service accounts for 83.9 % of all hopper car movements in 2005/06. This is up substantially from the 77.2% in the previous crop year.

There was an increase in the volume of grain west to Vancouver and Prince Rupert. The volume of grain traveling to Churchill and Thunder Bay remained relatively constant.

Statutory Grain Services - Destinations
2005/06 - 2004/05



Summary of all grain Statutory movements in SGCC cars				
	2005/06		2004/2005	
Commodity	**Total Trips**	**Tonnes**	**Total Trips**	**Tonnes**
Wheat	3,997	363,069	4,336	387,982
Durum	1,413	128,663	1,305	116,987
Oats	70	5,057	110	7,558
Barley	1,022	81,797	512	41,872
Rye	3	251	5	452
Flax	235	17,582	165	11,867
Canola	2,236	171,806	1,695	128,971
TOTAL	8,976	768,225	8,128	695,689

Alternate Use/Commercial Service

Alternate use movements are those hopper car movements outside the parameters of the 1981 Operating Agreement. The Corporation has formal alternate use agreements signed with CN and CPR allowing the railways to transport commodities when the SGCC hopper cars are not required in statutory grain service, on a fee for service basis. The majority of the movements are for the carriage of the six major grains to domestic destinations throughout Canada, the United States and Mexico.

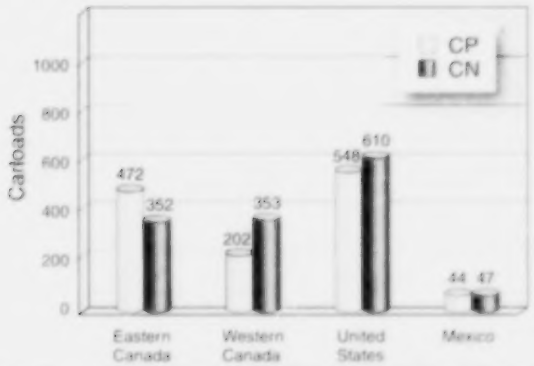
Alternate use revenues for grain movements to domestic destinations throughout Canada, the United States and Mexico reached $1,064,115 in the 2005/06 fiscal year. This is down from the $1,543,736 in 2004/05.

In 2005/06 SGCC hopper cars were used in 2,628 commercial car loads in 2005/06. This is down 26.3% from 2004/05. Of this, 1,727 were CWB grain movements.

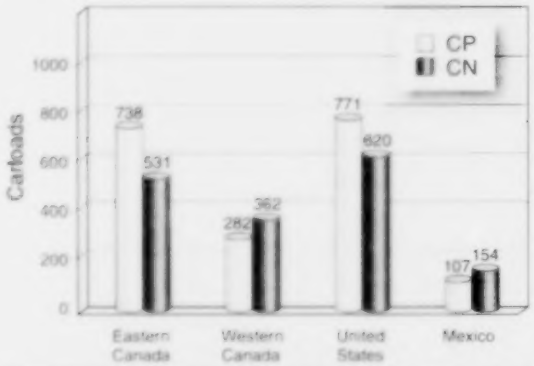
Reduced revenues and car utilization in commercial service are the result of fewer cars being available due to the Corporation's upgrade and refurbishment programs.

The alternate use revenues earned are split between the two major railways, CN and CPR with 51.8% and 48.2% respectively.

Commercial Service - Destinations 2005/06



Commercial Service - Destinations 2004/05



Commercial CWB Grain Movements in SGCC cars by Commodity Hauled

	2005/06		2004/2005	
Commodity	**Total Trips**	**Tonnes**	**Total Trips**	**Tonnes**
Wheat	820	71,702	1,235	108,766
Durum	372	34,330	356	32,247
Oats	223	16,725	336	25,200
Barley	185	14,574	265	21,053
Rye	16	1,200	11	825
Flax	20	1,500	18	1,346
Canola	91	6,825	179	13,425
TOTAL	**1,727**	**146,856**	**2,400**	**202,862**

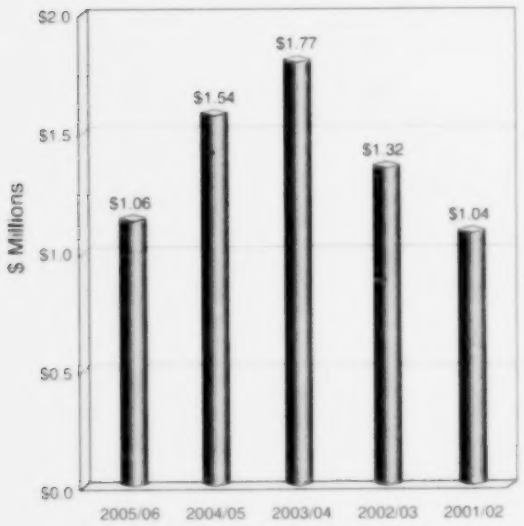
Financial Highlights

For the year ended July 31, 2006

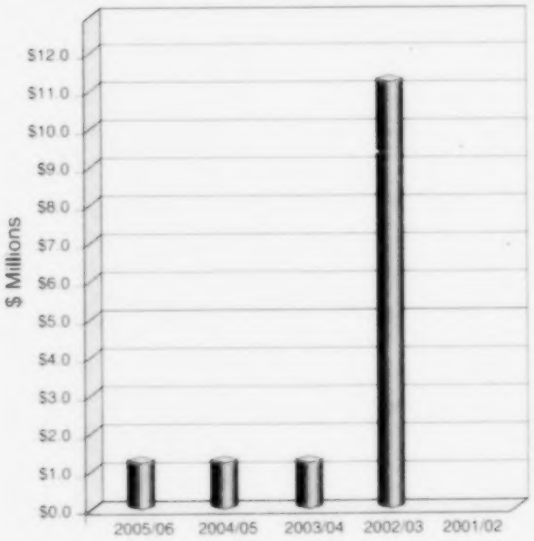
Commencing August 1, 2005, the Corporation has adopted accounting principles issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accounts. As such, comparative figures have been restated to conform with the accounting policies adopted, more information can be found in Note 11 to the Financial Statements.

	Budget	Actual
Total Revenue	**$ 1,104,000**	**$ 2,886,183**
Car Leasing	1,026,000	1,064,115
Interest	20,000	28,836
Consulting Services	Nil	47,856
Deferred Fleet Revenue	58,000	1,743,975
Other	Nil	1,401
Total Expenditure	**$ 2,193,550**	**$ 3,198,032**
Excess of Revenue over Expenditure	**$ (1,089,550)**	**$ (311,849)**
Net Assets, End of Year		**$ 20,573,660**
Physical Assets Hopper Cars		$ 19,324,082
Net Financial Assets		$ 1,249,578

Commercial Service Revenues



Dividends Paid to General Revenue Fund



Management's Report

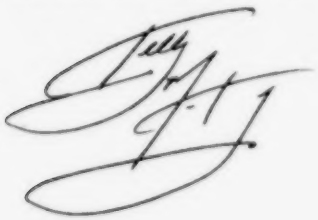
The accompanying financial statements have been prepared by management of the Saskatchewan Grain Car Corporation. These financial statements have been prepared in conformity with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgment where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in the Annual Report.

The integrity of financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of accurate financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived.

Management believes that the financial statements in this Annual Report present fairly the financial position of the Corporation for the year ending July 31, 2006.

The Board of Directors has fulfilled its responsibility with respect to the financial position of the Corporation by reviewing and approving the financial statements for the year ending July 31, 2006.

The financial statements have been audited by the Corporation's external auditors, Skilnick Besler Miller Moar & Co., Chartered Accountants, and approved by the Provincial Auditor and the Provincial Comptroller's Division of Saskatchewan Finance.



Kelly Moskowy

Regina, Saskatchewan
October 31, 2006

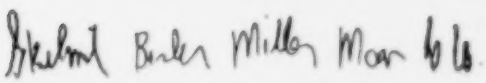
Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Grain Car Corporation as at July 31, 2006, and the statements of operations and net assets, change in net financial assets and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



SKILNICK BESLER MILLER MOAR & CO.
Chartered Accountants

Melville, Saskatchewan
September 28, 2006

Statement of Financial Position

As At July 31, 2006.

Statement 1

	2006	2005 (Restated) (Note 11)
Financial Assets		
Cash and temporary investments (Note 2)	$ 5,645	$ 4,501
Due from General Revenue Fund (Notes 4 & 7)	1,612,921	3,424,179
Accounts receivable (Note 7)	276,155	339,078
Other investments (Notes 2 & 6)	407,349	407,349
Total Financial Assets	$ 2,302,070	$ 4,175,107
Liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 32,291	$ 156,569
Goods and services tax payable	5,968	7,005
Deferred fleet revenue (Notes 2, 3, & 7)	1,014,233	2,538,945
Total Liabilities	$ 1,052,492	$ 2,702,519
Net Financial Assets - Statement 3	$ 1,249,578	$ 1,472,588
Non-Financial Assets		
Prepaid Expenses (Note 7)	$ Nil	$ 256,437
Tangible capital assets (Notes 2 & 5)	19,324,082	20,156,484
Total Non-Financial Assets	$ 19,324,082	$ 20,412,921
Net Assets - Statement 2	$ 20,573,660	$ 21,885,509

(See accompanying notes to financial statements)

Approved on behalf of the Board:

Eldon Lautermilch
Chairperson of the Board

Statement of Operations and Net Assets

For The Year Ended July 31, 2006.

Statement 2

	Budget	2006	2005 (Restated) (Note 11)
Revenues			
Car leasing - Alternate Use (Note 3)	$ 1,026,000	$ 1,064,115	$ 1,543,736
Interest (Notes 4 & 8)	20,000	28,836	28,494
Consulting services	Nil	47,856	114,661
Fleet revenue (Note 7)	58,000	1,743,975	318,731
Other	Nil	1,401	Nil
Total Revenues	$ 1,104,000	$ 2,886,183	$ 2,005,622
Expenses			
Administration (Schedule 1)	201,850	142,369	164,338
Amortization (Notes 2 & 5)	Nil	1,486,213	1,374,569
Destroyed grain cars - fleet assets	Nil	129,368	114,487
Farmer Rail Car Coalition Funding (Note 10)	128,400	176,256	178,861
Fleet repair and maintenance	1,468,300	990,796	205,377
Salaries and benefits (Notes 8 & 9)	365,000	258,716	428,032
Travel and sustenance	30,000	14,314	26,200
Total Expenses	$ 2,193,550	$ 3,198,032	$ 2,491,864
Deficit for the Year	$ (1,089,550)	$ (311,849)	$ (486,242)
Net Assets, beginning of year (restated)		21,885,509	23,371,751
Dividends paid to the General Revenue Fund		(1,000,000)	(1,000,000)
Net Assets, End of Year		$ 20,573,660	$ 21,885,509

(See accompanying notes to financial statements)

Statement of Change in Net Financial Assets

For The Year Ended July 31, 2006.

Statement 3

	2006	2005 (Restated) (Note 11)
Deficit for the year	$ (311,849)	$ (486,242)
Tangible capital assets		
Acquisitions	(783,179)	(178,077)
Amortization	1,486,213	1,374,569
Destroyed grain cars - fleet assets	129,368	114,487
Net acquisitions of tangible capital assets	$ 832,402	$ 1,310,979
Other non-financial assets		
Net use of prepaid expenses	$ 256,437	$ (256,437)
Increase in net financial assets	776,990	568,300
Net financial assets, beginning of year (restated)	1,472,588	1,904,288
Dividend paid to General Revenue Fund	(1,000,000)	(1,000,000)
Net Financial Assets, End of Year	$ 1,249,578	$ 1,472,588

(See accompanying notes to financial statements)

Statement of Cash Flows

For The Year Ended July 31, 2006.

Statement 4

	2006	2005 (Restated) (Note 11)
Operating Activities		
Deficit for the year	$ (311,849)	$ (486,242)
Non-cash items included in deficit for the year:		
- Amortization	1,486,213	1,374,569
- Destroyed grain cars - fleet assets	129,368	114,487
Change in non-cash operating activities:		
- Decrease in accounts receivable	62,923	208,829
- Decrease (increase) in prepaid expenses	256,437	(256,437)
- (Decrease) increase in accounts payable and accrued liabilities	(124,278)	112,035
- Increase (decrease) in wage deductions payable	Nil	(159)
- Decrease in goods and services tax payable	(1,037)	(1,693)
- Decrease in deferred fleet revenue	(1,524,712)	(114,349)
Cash (used in) provided by operating activities	$ (26,935)	$ 951,040
Capital Activities		
Acquisitions of tangible capital assets	$ (783,179)	$ (178,077)
Financing Activities		
Dividends paid to General Revenue Fund	$ (1,000,000)	$ (1,000,000)
Decrease in Cash and Cash Equivalents	$ (1,810,114)	$ (227,037)
Cash and Cash Equivalents, Beginning of Year	3,428,680	3,655,717
Cash and Cash Equivalents, End of Year	$ 1,618,566	$ 3,428,680
Summary of Cash and Cash Equivalents		
Cash and temporary investments	$ 5,645	$ 4,501
Due from General Revenue Fund	1,612,921	3,424,179
	$ 1,618,566	$ 3,428,680

(See accompanying notes to financial statements)

Notes To Financial Statements

July 31, 2006.

1. Status of the Corporation

The Saskatchewan Grain Car Corporation is a Provincial Crown Corporation established on October 2, 1979 by Order-in-Council 1787/79. The Corporation continues under the authority and provisions of *The Saskatchewan Grain Car Corporation Act.*

The Corporation's mission is to maximize the economic benefits to Saskatchewan agriculture as a first priority, other Saskatchewan industries as a second priority, and the Province in general, through the effective and efficient use of its resources.

2. Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared by management in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

b) Revenue

Revenues from car operating leases is recognized as the service is provided to the lessee and collection is reasonably assured.

Fleet revenue for destroyed grain cars, including interest earned on externally restricted funds, is recognized in the year when disbursements are made to purchase, upgrade, repair and maintain the grain car fleet.

c) Tangible Capital Assets

Tangible capital assets are recorded at cost and include all amounts directly attributable to the purchase or the betterment of the grain car fleet. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives of 40 years.

d) Investments

The investment in shares of West Central Road & Rail Ltd. is recorded at cost, and dividends from these shares are recorded as revenue when receivable.

e) Foreign Currency

The Corporation translates its foreign currency transactions into Canadian dollars by applying the exchange rate in effect on the transaction date. Monetary assets and liabilities are adjusted to reflect the exchange rate in effect at the reporting date. Exchange gains and losses are recognized in the Statement of Operations in the current period.

f) Measurement Uncertainty

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

3. Operating Agreements

The Corporation entered into Operating Agreements from August 1, 2005 to July 31, 2006 with Canadian National Railway Company and Canadian Pacific Railway Limited which allows the railways to lease the Corporation's cars free of charge for the Movement of Grain. Movement of Grain refers to the movement to port of grain products as listed under the *Canada Transportation Act*.

The railway may lease the Corporation's cars for commercial service at $17 per day, provided the cars are surplus to the requirements for Movement of Grain. Commercial service includes the carriage of grain at non-regulated freight rates as well as the carriage of other bulk commodities, such as potash.

The railways are responsible for maintaining and repairing the Corporation's cars at their own expense in accordance with Transport Canada, Federal Railway Administration and Association of American Railroads (AAR) Rules.

In the event that one of the Corporation's cars is damaged beyond economic repair, the railways are required to compensate the Corporation for the value of the car in accordance with Rule 107 of the Interchange Rules Manual of the AAR. All amounts received from the railways as compensation for destroyed grain cars are recorded as deferred fleet revenue.

4. Due From General Revenue Fund

Most of the Corporation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Corporation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily bank balance. The Government's average thirty day borrowing rate for 2005/2006 is 3.20% (2004/2005 2.35%).

5. Tangible Capital Assets

The Corporation purchased 1,000 covered hopper cars in 1981 at a cost of $54,214,423. As of July 31, 2006, 72 cars have been destroyed; the remaining 928 cars are in service.

The Corporation entered into Agreements with Rescar Industries Inc., Frontline Railcar Repair Limited, Carlton Trail Railway and GATX Rail Canada Corporation to upgrade, reflectorize and repair the hopper cars. The costs of upgrading and reflectorizing the cars for 2006 was $783,179 (2005 - $178,077) and has been added to the cost of the rolling stock.

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
				(Restated) (Note 11)
Rolling stock	$51,265,101	$31,941,019	$19,324,082	$20,156,484

6. Investment In Shares Of West Central Road & Rail Ltd.

The Corporation owns 4,000 Class "E" shares of the capital stock of West Central Road & Rail Ltd. This equity investment represents the Corporation's commitment to support the Research and Development aspects of Phase II (the demonstration phase) of the Grain Logistics Pilot Project. Phase II of the Pilot Project is intended to provide complete logistical services from farm-gate to port in the case of export movements, and farm-gate to commercial processing facility in the case of movements to domestic destinations throughout North America.

The Class "E" shares are transferable, non-voting except for the entitlement to elect 2 of 13 directors and participate equally in dividends and the distribution of assets on liquidation or wind-up. After June 28, 2006, the issuer may repurchase or the Corporation may retract a minimum of 1,000 shares at their fair market value as established by an independent appraiser.

7. Deferred Fleet Revenue And Resticted Funds

In accordance with the operating agreements described in Note 3, compensation for destroyed grain cars received from Canadian National Railway Company and Canadian Pacific Railway Limited is recorded as deferred fleet revenue as the agreements specify that the funds must be used for future purchase, upgrade, repair and maintenance of the grain car fleet.

The amounts for deferred fleet revenue and restricted funds are as follows:

	2006	2005 (Restated) (Note 11)
Deferred Revenue, Beginning of Year	$ 2,538,945	$ 2,653,294
Add restricted funds received:		
Compensation for destroyed grain cars (Note 3)	168,423	142,517
Interest allocated (Notes 2, 4 & 8)	50,840	61,865
	219,263	204,382
Deduct fleet revenue recognized:		
Acquisitions - fleet upgrades (Note 5)	(783,179)	(178,077)
Fleet repair and maintenance	(960,796)	(140,654)
	(1,743,975)	(318,731)
Deferred Fleet Revenue, End of Year	$ 1,014,233	$ 2,538,945

Restricted Funds	2006	2005
Due from General Revenue Fund	$ 1,035,550	$ 2,374,094
Accounts receivable	3,856	31,031
Prepaid expenses	Nil	256,437
Accounts payable and accrued liabilities	(25,173)	(122,617)
	$ 1,014,233	$ 2,538,945

8. Related Party Transactions

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rate charged by those organizations and are settled on normal trade terms.

These transactions are as follows:

	2006	2005
Deferred Fleet Revenue		
Government of Saskatchewan (General Revenue Fund)		
Interest	$ 50,840	$ 61,865
Revenues		
Government of Saskatchewan (General Revenue Fund)		
Interest	$ 28,836	$ 28,494
Expenses		
Department of Highways and Transportation		
Salaries and Benefits	$ Nil	$ 82,503
Information Technology Office		
Computer maintenance	$ 12,817	$ 6,258
Telecommunications	$ Nil	$ 3,088
Saskatchewan Property Management		
Rent – office space	$ 62,753	$ 59,277
Printing and Copying	$ 544	$ 611
Office supplies	$ 144	$ 174
Miscellaneous	$ Nil	$ 130
Saskatchewan Telecommunications		
Telecommunications	$ 7,973	$ 10,055
Workers' Compensation Board (Saskatchewan)		
Salaries and Benefits	$ 2,175	$ 2,870
Minister of Finance		
Computer Maintenance	$ Nil	$ 6,988
Telecommunications	$ Nil	$ 4,958

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

9. Pension Plan

The Corporation participates in a defined contribution pension plan for the benefit of its employees. The Corporation's financial obligation to the Capital Pension Plan (related party) is limited to making regular payments to match the amounts contributed by employees for current service. The Corporation's annual pension expense for 2006 amounted to $13,925 (2005 - $14,120).

The Corporation also participates in the Public Service Superannuation Plan (PSSP) (related party) administered by the Public Employees Benefits Agency. The Corporation's financial obligation to the PSSP is limited to making regular payments which are 2.67 times the amounts contributed by the employees for current service. The Corporation's annual pension expense for 2006 amounted to $5,053 (2005 –$5,781).

10. Farmer Rail Car Coalition Agreements

The Corporation has signed agreements on October 16, 2002, June 16, 2004, May 5, 2005, and June 13, 2005 with the Farmer Rail Car Coalition (FRCC) to contribute $805,117 in cash and/or in kind contributions (technical expertise) to support the research and development by the FRCC of a proposal by the FRCC to purchase on behalf of Western Canadian Farmers the Federal Fleet of approximately 13,000 rail hopper cars. Total contributions to date are $805,117 consisting of $521,153 in cash and $283,964 in kind.

The Corporation has further agreed to provide the FRCC with furnished office accommodation and equipment for use commencing June 22, 2005.

The FRCC shall repay the full amount, including the value of in-kind contributions and furnished office accommodations (minimum $4,000 per month based on actual costs) plus interest at Royal Bank prime plus one percent from the time of payment, to the Corporation if the FRCC is successful in purchasing any portion of the Federal Fleet. Repayment will occur on the date of the first payment by the FRCC to Canada on account of the purchase price for the Federal Fleet.

Upon acquisition of any portion of the Federal Fleet by the FRCC, the FRCC shall negotiate in good faith with the Corporation for the purchase of the entire Corporation Fleet plus the other assets of the Corporation on the terms of the 1996 Agreement between Her Majesty the Queen and the FRCC.

In May of 2006 the Federal Government announced they would retain ownership of the Federal Hopper Car Fleet.

On September 28, 2006 the Corporation has entered into an agreement to grant the FRCC $50,000 to assist with expenses related to the administrative and office closure costs up to and including September 30, 2006.

11. Change In Accounting Polices

Commencing August 1, 2005, the Corporation has adopted for the first time accounting principles issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The comparative figures included in these financial statements have been restated to conform with the accounting principles adopted for the current year.

a) Tangible capital assets have been recorded in the accounts.

b) Capital purchases and disposals in the year are recorded as additions and disposals to tangible capital assets.

c) Tangible capital assets are amortized on a straight-line basis over their estimated useful lives and amortization has been recognized in the Statement of Operations.

d) Compensation for destroyed grain cars is recorded as deferred fleet revenue and is recognized to the extent that disbursements have been made for acquisitions, upgrades, and repairs and maintenance as required by the external restrictions disclosed in Note 7.

The adoption of public sector accounting standards has resulted in the recognition of net financial assets in the statements of financial position and changes in net financial assets.

The adoption of the above changes has also resulted in the following changes to amounts previously reported for the year ended July 31, 2005:

	Previously Reported	Restated Amount
Statement of Finanical Position		
Deferred fleet revenue	$ Nil	$ 2,538,945
Tangible capital assets	Nil	20,156,484
Net assets	4,267,970	21,885,509
Net financial assets	Nil	1,472,588
Statement of Operations and Net Assets		
Revenues:		
Interest	90,359	28,494
Compensation for destroyed grain cars	142,517	Nil
Fleet revenue	Nil	318,731
Expenses:		
Destroyed grain cars –fleet assets	Nil	114,487
Amortization	Nil	1,374,569
Fleet repairs and maintenance	383,454	205,377
Surplus (deficit) for the year	710,388	(486,242)
Net assets, beginning of year	4,557,582	23,371,751
Net assets, end of year	4,267,970	21,885,509

12. Comparative Figures

Prior year comparative figures have been restated to conform to the current year's presentation.

Schedule of Administration Expenses

For The Year Ended July 31, 2006.

Schedule 1

	2006 Budget	2006	2005
Advertising and promotion	$ 1,000	$ Nil	$ Nil
Bank charges	350	562	339
Computer maintenance (Note 8)	15,000	12,817	13,246
Computer software	5,000	2,765	2,565
Conferences and professional development	5,000	2,704	5,376
Consulting services	50,000	23,285	33,502
Miscellaneous	3,000	326	2,156
Office equipment and supplies (Note 8)	3,000	2,035	3,957
Printing, copying, postage and courier (Note 8)	7,500	4,418	7,605
Professional services	11,000	11,030	7,423
Rent - office space (Notes 8 & 10)	73,000	63,963	60,657
Subscriptions and memberships	13,000	8,832	8,007
Telecommunications (Note 8)	15,000	9,632	19,505
Total - To Statement 2	$ 201,850	$ 142,369	$ 164,338

Expenditure Disclosure

For the year ending July 31, 2006

Employee receiving payments totaling $50,000 or more for salaries or wages:

	2006	2005
Bernard Churko *(On leave of absence from July 1 to Oct. 31, 2005)*	$ 40,950	$ 108,972
Shannon Lindholm *(On leave of absence from July 1 to Dec. 31, 2005)*	34,966	53,321
Kelly Moskowy	86,403	83,303
Tim Shoulak	74,637	71,053
Total	$ 236,956	$ 316,649

Suppliers/consultants receiving payments totaling $50,000 or more for goods and/or services:

	2006	2005
Farmer Rail Car Coalition	$ 176,256	$ 178,861
Saskatchewan Property Management	63,441	60,192
A. Stucki Company	67,369	169,700
Apollo Machine & Products Ltd.	59,092	118,351
Carlton Trail Railway	393,174	104,115
Rescar Industries Inc.	68,830	94,808
GATX Rail Canada Corporation	71,587	16,979
Frontline Railcar Repair Limited	746,339	Nil
Total	$ 1,646,088	$ 743,006

Statistical Summary

Year as of July 31, 2006	Cars in Service			Cars Destroyed			Car Leasing Revenues	
	CN	CP	Total	CN	CP	Total		
1979/80	-	-	-	-	-	-	-	
1980/81	477	273	750	-	-	-	-	
1981/82	477	523	1,000	-	-	-	$ 56,294	
1982/83	477	523	1,000	-	-	-	$ 11,850	
1983/84	475	523	998	2	-	2	-	
1984/85	475	523	998	-	-	-	-	
1985/86	475	523	998	-	-	-	-	
1986/87	474	523	997	1	-	1	-	
1987/88	474	523	997	-	-	-	-	
1988/89	474	523	997	-	-	-	$ 1,099,441	
1989/90	474	523	997	-	-	-	$ 92,310	
1990/91	474	523	997	1	-	1	$ 146,343	
1991/92	473	522	995	-	1	1	$ 268,342	
1992/93	473	522	995	-	-	-	$ 326,047	
1993/94	472	522	994	1	-	1	$ 816,083	
1994/95	472	518	990	-	4	4	$ 628,807	
1995/96	470	514	984	2	4	6	$ 946,233	
1996/97	468	514	982	2	-	2	$ 991,526	
1997/98	468	509	977	-	5	5	$ 1,080,412	*(See note 1, page 34)*
1998/99	468	509	977	-	-	-	$ 1,343,584	
1999/00	464	508	972	4	1	5	$ 1,189,104	*(See note 2, page 34)*
2000/01	458	498	956	6	10	16	$ 1,304,835	
2001/02	455	498	953	3	-	3	$ 1,033,158	
2002/03	454	497	951	1	1	2	$ 1,315,865	
2003/04	442	497	939	12	-	12	$ 1,766,041	
2004/05	440	494	934	2	3	5	$ 1,543,736	
2005/06	434	494	928	6	-	6	$1,064,115	
Total:	**434**	**494**	**928**	**43**	**29**	**72**	**$15,891,867**	

Statistical Summary

Year	Cars In Service			Cars Destroyed			Car Leasing Revenues	
as of July 31, 2006	CN	CP	Total	CN	CP	Total		
1979/80	-	-	-	-	-	-	-	
1980/81	477	273	750	-	-	-	-	
1981/82	477	523	1,000	-	-	-	$ 56,294	
1982/83	477	523	1,000	-	-	-	$ 11,850	
1983/84	475	523	998	2	-	2	-	
1984/85	475	523	998	-	-	-	-	
1985/86	475	523	998	-	-	-	-	
1986/87	474	523	997	1	-	1	-	
1987/88	474	523	997	-	-	-	-	
1988/89	474	523	997	-	-	-	$ 1,099,441	
1989/90	474	523	997	-	-	-	$ 92,310	
1990/91	474	523	997	1	-	1	$ 146,343	
1991/92	473	522	995	-	1	1	$ 268,342	
1992/93	473	522	995	-	-	-	$ 326,047	
1993/94	472	522	994	1	-	1	$ 816,083	
1994/95	472	518	990	-	4	4	$ 628,807	
1995/96	470	514	984	2	4	6	$ 946,233	
1996/97	468	514	982	2	-	2	$ 991,526	
1997/98	468	509	977	-	5	5	$ 1,080,412	*(See note 1, page 34)*
1998/99	468	509	977	-	-	-	$ 1,343,584	
1999/00	464	508	972	4	1	5	$ 1,189,104	*(See note 2, page 34)*
2000/01	458	498	956	6	10	16	$ 1,304,835	
2001/02	455	498	953	3	-	3	$ 1,033,158	
2002/03	454	497	951	1	1	2	$ 1,315,865	
2003/04	442	497	939	12	-	12	$ 1,766,041	
2004/05	440	494	934	2	3	5	$ 1,543,736	
2005/06	434	494	928	6	-	6	$1,064,115	
Total:	**434**	**494**	**928**	**43**	**29**	**72**	**$15,891,867**	

Notes to Statistical Summary

1. Revenue adjustments for 1997/98 fiscal year

Car leasing revenue recognized as per 1997/98 Financial Statement	$	1,507,271
- Bad debt allowance as shown in 1997/98 Financial Statement	$	(160,000)
- Bad debt allowance as shown in 1998/99 Financial Statement	$	(53,543)
- Settlement recovery with CP for western Canada commercial moves from 1991 to 1997 realized in 1998/99	$	(204,612)
Car leasing revenue actually realized in 1997/98	$	1,089,116

2. Revenue adjustments for 1999/00 fiscal year

Car leasing revenue recognized as per 1999/00 Financial Statement	$	1,639,104
- Settlement recovery with CN for western Canada commercial moves form 1991 to 1997 realized in 1999/00	$	(450,000)
Car leasing revenue actually realized in 1999/00	$	1,189,104

Corporate Information

Definitions

Bad Orders

A bad order is a car that had been deemed mechanically unfit for service.

Car Cycles

A car cycle is the time for a car to complete a trip from origin, to destination, and back to the next origin.

Commercial Service

Commercial service is defined as the movement of any commodity not destined to port for export, or the movement of commodities to port not covered under Schedule II of the Canada Transportation Act. For these commercial movements the Corporation receives a lease fee.

Domestic and Export Markets

Canada, United States, and Mexico make up the domestic or North American market; the rest of the world is the export or offshore market.

Dunnage

Is the name for the materials used in holds and containers to protect goods and their packaging from moisture, contamination and mechanical damage. Dunnage may include plastic films, jute coverings, tarpaulins, wood (wooden dunnage, i.e.; pallets), rice matting, non-wovens, liner bags or also inlets etc.. Depending on the use to which it is put, dunnage may be divided into floor, lateral, interlayer and top dunnage.

Gross Weight

Total of weight of car, net load, and dunnage.

Light Weight (LT WT)

Weight of empty railroad car expressed in pounds. This figure is stenciled on the car. Also referred to as Tare Weight.

Load Limit (LD LMT)

Absolute maximum allowable weight of load, including both net weight and dunnage, that a freight car is authorized to carry. This figure is stenciled on the car.

Metric tonne

A metric tonne equals 2,204.6 pounds or 1,000 kilograms, and is 10 percent larger that a 2,000 pound short ton.

Potash

Typically denotes materials containing potassium, particularly potassium fertilizer. Most fertilizer is muriate of potash (KCl), potassium chloride. Potassium combines with other minerals in specialty fertilizers.

Statutory Grain Service

Statutory grain service is the transportation of commodities which are moved to port for export as defined in Schedule II of the Canada Transportation Act. Under the 1981 Operating Agreement between the Saskatchewan Grain Car Corporation, Canadian Wheat Board, CN Rail, and CP Rail, the Corporation allows CN and CP to use Corporation owned cars for the movement of Schedule II commodities to port facilities in western Canada at no cost to the railways.

For additional information:

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